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		First Named Inventor	Coyle, Adam
		Art Unit	3624
		Examiner Name	Akers, Geoffrey R
Total Number of Pages in This Submission		Attorney Docket Number	020375-021300US

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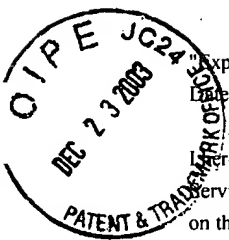
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GROUP 3600

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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

In re application of:

Adam Coyle

Application No.: 09/713,603

Filed: November 15, 2000

For: RELOADABLE DEBIT CARD
SYSTEM AND METHOD

Examiner: Akers, Geoffrey R

Technology Center/Art Unit: 3624

SUPPLEMENTAL APPELLANT BRIEF

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

Appellant offers this Supplemental Brief in support of the Request for Reinstatement of Appeal submitted concurrently. This Brief is submitted in triplicate as required by 37 CFR §1.192(a).

1. Real Party in Interest

The real party in interest is First Data Corporation.

2. Related Appeals and Interferences

No other appeals or interferences are known that will directly affect, are directly affected by, or have a bearing on the Board decision in this appeal.

3. Status of Claims

Claims 1, 3, 5 – 12, 14 – 19, and 21 – 23 are currently pending in the application. All pending claims stand rejected pursuant to an Office Action mailed September 24, 2003 (paper no. 13, hereinafter “the Office Action”). The Office Action reopened prosecution in response to Appellant’s filing of an Appeal Brief on June 27, 2003 (paper no. 12).

During prosecution, original Claims 2, 4, 13, and 20 were canceled; original Claims 1, 3, 5 – 12, and 14 – 19 were amended; and new Claims 21 – 23 were added by an Amendment filed January 10, 2003.

The rejections of pending Claims 1, 3, 5 – 12, 14 – 19, and 21 – 23 are believed to be improper and are the subject of this appeal. A copy of the claims as rejected is attached as an Appendix.

4. Status of Amendments

No amendments have been filed subsequent to the final rejection mailed February 4, 2003 (paper no. 8).

5. Summary of the Invention

In one embodiment, the invention relates to methods and systems using stored-value cards, which may be used in transactions for the purchase of goods and/or services, and which may be reloaded with value (Application, p. 3, ll. 10 – 11). One concern that has

traditionally existed with all types transaction systems is the need to address the potential for theft by providing some type of security mechanism. In the context of traditional credit cards, there are various mechanisms in place to ensure proper cardholder identification, with the system structured so that a cardholder is exposed only to minimal or no liability in the event the card is stolen and misused (*id.*, p. 1, ll. 13 – 16).

Such security has traditionally not been available for stored-value or prepaid cards (sometimes referred to in the application as “debit cards,” *id.*, p. 2, l. 13). In particular, such cards have traditionally been equipped in one of two ways. A first type of card is exemplified by the paradigm of prepaid telephone cards in which the use of value associated with the card is limited, such as to purchasing telephone time (*id.*, p. 2, l. 10 – 12). One problem with such cards is that the restrictions prevent unused value in the card from being recovered so it is effectively wasted if the cardholder chooses no longer to use the card. The other type of card is exemplified by a cash card that allows cash to be obtained from prefunded accounts (*id.*, p. 2, ll. 14 – 19). While it is possible to redeem unused value from such cards in the form of cash, such redemption can be performed by any party, including a thief of the card.

Embodiments of the invention overcome this deficiency in the prior art by providing stored-value cards that simultaneously prevent theft of the stored value but also permit its redemption by a legitimate party. In particular, a mechanism is provided by which a balance of a subaccount associated with a card may be redeemed in the form of a negotiable instrument payable to a holder of the subaccount (*id.*, p. 10, ll. 10 – 12). By limiting payment in this form, particularly to a holder of the subaccount, theft is deterred since a thief of the card could, at best, only acquire a negotiable instrument payable to a legitimate party and could not himself redeem the value for cash (*id.*, p. 7, ll. 17 – 18).

An arrangement that uses such stored-value cards is provided so that they may be used in commercial transactions. For example, a card-issuing institution may associate each of the cards it issues with one of multiple subaccounts, and then provide the cards for sale to individual customers who become the holders of respective subaccounts (*id.*, p. 6, l. 18 – p. 7, l. 2). Each card includes an identifier for its subaccount, perhaps covered with a concealing strip (*id.*, p. 7, ll. 4 – 5), and perhaps encoded on a magnetic strip (*id.*, p. 7, l. 8) so that it can be read

and its associated value reduce in accordance with a purchase cost when the card is presented during a transaction (*id.*, p. 7, ll. 8 – 13). In some instances, the value may be reloaded by the subaccount holder by adding to its incremental value when the subaccount holder provides additional funds to be allocated to the subaccount during a transaction (*id.*, p. 10, ll. 7 – 8). When the subaccount holder wishes to redeem unused value, the card is presented and the value is provided in the form of a negotiable instrument, such as a money order, cashier's check, etc. specifically payable to the subaccount holder. This instrument may then be used by the subaccount holder to convert that value to cash (*id.*, p. 10, ll. 10 – 13).

6. Issue

Whether under 35 U.S.C. §103(a) Claims 1, 3, 5 – 12, 14 – 19, and 21 – 23 are unpatentable over U.S. Pat. No. 6,434,238 (“Chaum”) in view of U.S. Pat. No. 6,000,608 (“Dorf”) in view of U.S. Pat. No. 6,338,049 (“Walker”) further in view of U.S. Pat. No. 6,367,693 (“Novogrod”). Section 6 of the Office Action describes the Examiner's position on this issue.

7. Grouping of the Claims

For purposes of this appeal, all the pending claims, i.e. Claims 1, 3, 5 – 12, 14 – 19, and 21 – 23 are considered as a single group.

Appellant reserves the right outside the context of this appeal to argue independent patentability of the grouped claims.

8. Argument

All of the claims stand rejected under 35 U.S.C. §103(a) as unpatentable over Chaum in view of Dorf, Walker, and Novogrod. For a rejection to be maintained under 35

U.S.C. §103, the Examiner is charged with factually supporting a *prima facie* case of obviousness. Manual of Patent Examining Procedure, Eighth Edition, First Revision, February, 2003 (hereinafter “MPEP”) 2142. Such a *prima facie* case requires, *inter alia*, that all limitations of the claims be taught or suggested by the cited reference(s) and that there be some suggestion or motivation to combine or modify the reference teachings as the Examiner proposes. MPEP 2143. The rejections are deficient in at least both these respects.

The two pending independent claims, i.e. Claims 1 and 10, respectively recite a stored-value card system and a method of purchasing goods and services in transactions utilizing value-added cards. Both independent claims recite, in somewhat different form, limitations that require redeeming a balance of a subaccount associated with a card in the form of a negotiable instrument payable to a holder of the sub-account. This limitation is not taught or suggested by any of the references relied on in the Office Action.

Chaum is directed to a system that uses “smart” cards, i.e. cards having embedded chips, that may be used in credit or debit transactions (*e.g.*, Chaum, Col. 5, ll. 10 – 47). Dorf is directed to a card system that may be used for different types of transactions, including as a prepaid phone card, a debit card, a loyalty card, and a medical information card (*e.g.*, Dorf, abstract). That neither of these references teaches or suggests a reloadable prepaid card whose balance may be redeemed in the form of a negotiable instrument is not in dispute. The Examiner’s initial position that a money order is merely one of any type of goods/services that may be purchased with a card (*see* First Office Action mailed October 29, 2002, p. 2) has implicitly been recanted by subsequent reliance on other references for that limitation. Not only do Chaum and Dorf both fail to make any explicit disclosure of the purchase of a negotiable instrument, but there is certainly nothing in them to require that it be payable to the subaccount holder, an aspect of the claim limitations that have significant advantages as discussed above.

Newly cited Walker also fails to disclose this limitation. Walker is directed to a system that allows a user to generate a bearer note locally, using software that accepts payment in the form of a credit card and then authorizes printing of the bearer note on stock provided to the user (Walker, Col. 2, l. 58 – Col. 3, l. 24). This is completely different than the claim limitation in that there is no requirement that there be a reloadable prepaid card whose balance

may be redeemed in the form of a negotiable instrument. Indeed, the use of a credit card to provide financial backing for the negotiable instrument amounts to nothing more than a traditional purchase of a negotiable instrument, the only significant difference in Walker being that the system provides the convenience of making such a purchase locally. Nothing in Walker teaches or suggests *redemption of a balance on a prepaid card* in the form of a negotiable instrument as the claims require.

Similarly, newly cited Novogrod also fails to disclose this limitation. Like Walker, Novogrod is concerned with increasing the convenience of purchases of negotiable instruments so that customers need not visit a specific bank or publicly available ATM to do so (Novogrod, Col. 2, ll. 13 – 17). While Walker proposes to do so with a system that provides software and paper stock to customers, Novogrod proposes to increase the number of mechanisms for transmitting requests, i.e. to include oral, touch-tone, radio, microwave, cell phone, and other mechanisms (*id.*, Col. 2, ll. 37 – 42) and to increase the number of dispensing units to include fixed-location, portable, and hand-held dispensers (*id.*, Col. 2, ll. 42 – 47). All of these simply amount to alternative methods to purchase negotiable instruments, which as noted above is different from what is being claimed. Nothing in Novogrod teaches or suggests *redemption of a balance on a prepaid card* in the form of a negotiable instrument. Instead, Novogrod teaches that when purchasing a negotiable instrument using its system, a customer may specify a bank account from which funds are drawn to support the purchase (*id.*, Col. 4, ll. 49 – 61), and may also specify the value of the instrument (*id.*, Col. 4, ll. 49 – 61).¹ Nothing teaches redemption of the account balance, nor that that balance be specifically from a prepaid card.

¹ While Novogrod does not specifically preclude identifying the holder of the bank account as payee, it has no specific teaching to do so. Its discussion of requiring the customer to identify the payee (Novogrod, Col. 4, ll. 56 – 57), or to leave the payee unidentified (*id.*, Col. 4, ll. 61 – 67) suggests instead that Novogrod contemplates the normal purchase of such instruments as payable to someone other than the customer. This is further reinforced by the discussion of dispensing the instruments to someone other than the bank customer (*see id.*, Col. 6, ll. 41 – 52) and is contrary to the claim limitations requiring that the negotiable instrument be payable to a holder of the sub-account.

Appellants note that there is generally no recognition in any of the four references combined by the Examiner of the specific difficulties presented with balances on prepaid cards discussed in the application and summary above.

In addition, there is no suggestion or motivation to combine the reference teachings. Such a suggestion or motivation must be found “either in the references themselves or in the knowledge generally available to one of ordinary skill in the art.” MPEP 2142. The Office Action includes a number of highly conclusory statements² that merely recite properties of the individual references. The statements do not demonstrate a reasoned basis why those particular references would be selected by one of skill in the art and what explicit or implicit teachings from them suggest the combination. The Court of Appeals for the Federal Circuit has repeatedly emphasized the need to apply the requirement that there be a motivation to combine references rigorously, cautioning that such rigor is “the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis.” *In re Dembiczak*, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999). “The need for specificity pervades this authority.” *In re Lee*, 61 USPQ2d 1430, 1433 (Fed Cir. 2002). In this instance, the Examiner appears to be engaging in exactly the impermissible hindsight analysis that the rigorous nature of the requirements is intended to prevent. The proffered reasoning is nonspecific and fails to “explain the reasons one of ordinary skill in the art would have been motivated *to select the references and to combine them* to render the claimed invention obvious.” *In re Rouffet*, 47 USPQ2d 1453, 1459 (Fed. Cir. 1998, emphasis added).

² “The motivation to combine [Chaum with Dorf] is to teach a multifunction card system composed of a gift certificate card, a prepaid phone card, a loyalty card and a medical information card” (Office Action, p. 3)

“The motivation to combine [Chaum and Dorf with Walker] is to teach a multifunction card system which may be used to obtain bearer negotiable payment draft traveler’s checks at a user’s home or business” (Office Action, p. 3)

“The motivation to combine [Chaum, Dorf, and Walker with Novogrod] is to teach a multifunction card system which enables a customer to request and dispense negotiable instruments ... through which a bank customer can request from one device that the negotiable instrument be printed and dispensed to another device ... and which may even be dispensed to someone other than the bank customer ... who may maintain a subaccount where the PIN may be selected by the principal” (Office Action, p. 4).

9. Conclusion

Appellant believes that the above discussion is fully responsive to all grounds of rejection set forth in the application. It is believed that no fee is required for filing the Request for Reinstatement of Appeal or this Supplemental Appellant Brief. Should the Patent Office determine otherwise, however, please deduct the requisite fee from Deposit Account 20-1430.

Respectfully submitted,



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APPENDIX

The claims pending in the application are as follows:

1. (Previously Presented) A stored-value card system, which comprises:
a card issued by a card issuing institution;
a card identifier associated with said card and assigned thereto by the issuing institution;
a reloadable value associated with said card and credited to the card by the issuing institution; and
a sub-account associated with said card and identified by the card identifier, said card being usable for:
making a purchase by presenting said card at a point-of-sale establishment and debiting a cost of the purchase from the said sub-account; and
redeeming a balance of the sub-account in the form of a negotiable instrument payable to a holder of the sub-account.
2. (Canceled).
3. (Previously Presented) The system according to claim 1 wherein said negotiable instrument comprises a money order.
4. (Canceled).
5. (Previously Presented) The system according to claim 1 wherein said card values are not redeemable for cash.

6. (Previously Presented) The system according to claim 1 wherein the card identifier is printed on the card and selectively concealed by a removable concealing strip attached to the card.

7. (Previously Presented) The system according to claim 1 wherein said card includes a magnetic strip, the card identifier being encoded on the magnetic strip.

8. (Previously Presented) The system according to claim 1 wherein said card identifier is adapted to be read by a reader at the point-of-sale retail establishment.

9. (Previously Presented) The system according to claim 1 wherein said reader is in communication with a network comprising multiple point-of-sale establishments which accept said card for the purchase of goods and services.

10. (Previously Presented) A method of purchasing goods and services in transactions utilizing value-added cards, which method comprises the steps of:

issuing a plurality of said cards to a point-of-sale retail establishment;

pre-assigning sub-account identifiers to said cards;

crediting the sub-accounts associated with said cards with initial reloadable values;

debiting a respective sub-account in response to a purchase made with a respective one of said cards at a merchant; and

issuing an instruction to generate a negotiable instrument payable of a balance of the respective sub-account to a holder of the respective sub-account in response to a request to redeem the respective one of the cards by said holder.

11. (Previously Presented) The method of claim 10, which includes the additional step of reloading said respective one of the cards in response to a purchase of additional values by said holder, by crediting said respective sub-account.

12. (Previously Presented) The method according to claim 11, wherein said initial reloadable values correspond to predetermined amounts.

13. (Canceled).

14. (Previously Presented) The method of claim 10, wherein the negotiable instrument comprises a money order.

15. (Previously Presented) The method according to claim 10, wherein the respective one of said cards includes a numerical identifier corresponding to said respective sub-account.

16. (Previously Presented) The method according to claim 10, wherein the numerical identifier is concealed prior to delivery of the respective one of the cards to said holder.

17. (Previously Presented) The method of claim 10, which includes the additional steps of:

receiving a transaction authorization request, including an amount of a transaction and the sub-account identifier corresponding to the respective sub-account; and
authorizing the transaction if sufficient funds are available in the respective sub-account.

18. (Previously Presented) The method of claim 17, wherein the transaction authorization request was generated by a first computational device at the merchant and received by a second computational device linked to the first computational device.

19. (Previously Presented) The method of claim 10, wherein the respective one of said cards includes a magnetic strip for encoding the sub-account identifier for the respective sub-account.

20. (Canceled)

21. (Previously Presented) The method according to claim 11, wherein said additional values correspond to predetermined incremental amounts.

22. (Previously Presented) The method of claim 19, which includes the additional steps of:

receiving a transaction authorization request, including an amount of a transaction and the sub-account identifier; and

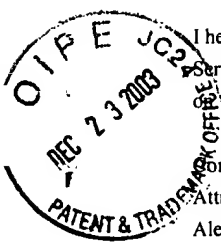
authorizing the transaction if sufficient funds are available in the respective sub-account.

23. (Previously Presented) The method of claim 22, wherein the transaction authorization request was generated by a first computational device adapted to read the sub-account identifier from the magnetic strip, and received by a second computational device linked to the first computational device.

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

Adam Coyle

Application No.: 09/713,603

Filed: November 15, 2000

For: RELOADABLE DEBIT CARD
SYSTEM AND METHOD

Examiner: Akers, Geoffrey R.

Art Unit: 3624

REQUEST FOR REINSTATEMENT

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:


In response to Applicant's Appeal Brief filed on June 27, 2003, prosecution was reopened. Applicant hereby requests that the Appeal be reinstated and has filed a Supplemental Appellant Brief as required by 37 C.F.R. 1.193(a)(2)(ii) concurrently herewith.

It is believed that no fee is required for filing the Request for Reinstatement. Should the Patent Office determine otherwise, please deduct the requisite fee from Deposit Account No. 20-1430.

Adam Coyle
Application No.: 09/713,603
Page 2

PATENT

Respectfully submitted,


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